https://www.financial-planning.com/news/majority-of-wealthy-investors-plan-portfolio-changes-ahead-of-election-ubs-finds

Majority of wealthy investors plan portfolio changes ahead of election, UBS finds

By Rob Burgess
September 27, 2024, 5:43 p.m. EDT

Wealthy investors and business owners say the economy is their main issue this election season. Still, like the rest of the country, they are almost evenly split on which candidate they support.

That's according to a recent UBS Investor Watch report, which, from Aug. 13 to 19, surveyed 500 U.S. business owners with at least $1 million in annual revenue and at least one employee other than themselves, and 971 U.S. investors with at least $1 million in investable assets.

Overall, 57% of those wealthy investors plan to vote for the Democratic nominee, Vice President Kamala Harris, while 43% favor the Republican nominee, former President Donald Trump. When it comes to business owners, UBS found that support flipped: 47% of business owners favor Harris, and 53% say they are likely to vote for Trump.

Michelle Crumm, president and financial planner at Belle Eve Financial in Ann Arbor, Michigan, said her niche is working with women. Of the clients she's discussed the election with, nearly all of them have expressed support for Harris.

"They are drawn to her policies on health care, social equity and climate change, which align with their professional priorities and personal values," she said.

Some 84% of investors and 83% of business owners consider the U.S. economy to be the main election issue, followed by Social Security, according to the UBS report.

When it comes to the economy specifically, some 49% of wealthy investors said they prefer Harris, while 51% prefer Trump on this issue. At the same time, 55% of business owners feel Trump would be better for the economy, compared with 45% favoring Harris.

Wealthy investors and business owners may be split on who would be a better president for the economy, but when it comes to planning and investing, financial advisors generally share a unified sentiment, regardless of election cycle: Stick to the plan and look to the long-term.

Ryan P. McGonigal, founder of RPM Financial Group in Rockville, Maryland, said while his clients are relatively calm about the state of the economy, "they all have different opinions on the candidates and are not shy about sharing that with me."

"Clients credit the current or previous administration depending on who they favor," he said. "I try to deflect when they go down that road. That road is too slippery for me as an advisor. I bring the conversation back to facts on their situations rather than any one client's opinion."

'Plan first, not panic'

Investor optimism about portfolio returns is higher today than during the 2020 presidential election cycle, according to the report, with 74% of investors saying they are highly optimistic about returns in the next six months, compared to 57% four years ago. Yet 77% of wealthy investors say they are looking to make portfolio changes before the election.

McGonigal said he was "not surprised" by this last statistic, as "people buy on emotion, but they also sell, too."

"I try to guide my clients based on the long-term view," he said. "When are we going to need to tap into this money? If it is not for 10 years, why are we going to overreact to who or who will not be in the White House?"

Dr. Preston D. Cherry, founder and president of Concurrent Financial Planning in Green Bay, Wisconsin, said his firm uses an approach that is politics-neutral and policy-aware.

"Presidential politics is 'noise' that makes anxiety about finances and reactionary investment behavior worse than in regular news cycles," he said. "During election season, it is more about heightened uncertainty. The economy and its effect on finances is a natural everyday worry for people. ... We help clients plan and prepare but not panic during high emotional and uncertain times, which mitigates undue worry and attention about pandering politics."

Often, advisors want to "panic plan" when it's not necessary, said Cherry.

"We encourage clients not to make portfolio decisions based on unfounded political rhetoric," he said. "We review portfolios according to the aligned investment plan. If there are policies on the table that could affect the personal plan, then we will plan for flexible actions to be prepared for if and when the policy takes effect. It's plan first, not panic."

Execute the plan no matter who wins

Crumm said her firm does not base portfolio decisions on elections or on short-term news events.

"Our approach is grounded in long-term financial planning, aiming for resilient portfolios that can endure through political cycles and market volatility," she said. "We always maintain a long-term view to ensure they're positioned for stable growth regardless of election outcomes."

David J. Hunter, owner and lead advisor of First Light Wealth in Hershey,

Pennsylvania, said his firm is "proactively re-educating" clients every four years that long-term investment decisions should not get sidetracked by which party holds office.

"If your investment strategy gets thrown off course every four years by the presidential election, then maybe you shouldn't be investing in stocks and equities in general," said David Dodd, founder and financial planner of The Other 90 Financial in Evansville, Indiana.

Dodd said that while the economy is understandably a primary concern in this election, as it has been in the past, it doesn't entirely hold up when considering the stock market's historical growth under all types of administrations.

"Clients are particularly worried about issues like higher taxes, government deficits and other major economic impacts," he said. "While I share many of these concerns, acting on them with any confidence of a positive outcome, due to my foreknowledge, is entirely unrealistic."

McGonigal said through 25 years in the business, he has seen the dot-com bubble, 9/11, the 2008 housing crisis, the pandemic and serious political unrest globally and at home.

"The market has always been able to come back from these events, as well as different administrations, Democratic and Republican," he said.